

Designating a Beneficiary

All Funds

An important aspect of membership in a New Jersey State-administered pension system is the payment of benefits to your named beneficiaries. Upon your death, the Division of Pensions and Benefits will pay death benefits to the last named beneficiary, or beneficiaries, on file with the Division. It is, therefore, very important to keep your beneficiary information up to date.

You should consider updating your *Designation of Beneficiary* form any time you experience a major life event such as marriage, divorce, birth or adoption of a child, or the death of a spouse, child, or parent.

Helpful Hints

- Carefully consider what you are trying to accomplish with your beneficiary designation. You may want to ask yourself these questions:
 - To whom and in what amount do you wish your benefits to be paid?
 - Are there special needs or provisions you should consider in your designation?
- Be sure that you type or print (ink only) clearly on the *Designation of Beneficiary* form.
- Be sure that you clearly state your wishes for your beneficiary designation. In the event that your designation is not clear in any way, you will receive a letter from the Division of Pensions and Benefits asking you for clarification.
- If additional space is required, an attachment sheet is acceptable provided it is signed and dated by you. In addition to the beneficiary information, please be sure to print your name, address, daytime telephone number, and your Social Security number on the sheet.
- Any time you submit a *Designation of Beneficiary* form, the Division of Pensions and Benefits will provide you with documentation to confirm your decision. Be sure to read this doc-

ument carefully to ensure that your wishes are interpreted correctly.

SPECIAL PROVISIONS

There are special provisions if you nominate a trust or minor as beneficiary; choose a distribution of benefits other than the standard "share and share alike"; nominate a domestic partner; or act as power of attorney, as explained below.

Nominating a Trust as Beneficiary

You may choose to designate an established trust to receive the group life insurance and/or pension benefit. If you elect to do so, you **MUST** provide the name and date of the trust and the name and address of the trustee to contact upon your death. You need not provide a copy of the trust with your *Designation of Beneficiary* form, but upon your death, we will request a copy from the trustee.

Nominating a Minor as Beneficiary

If you name a minor as beneficiary for the group life insurance and/or pension benefit, the manner of the designation makes a difference in how benefits are paid. The Division of Pensions and Benefits will withhold payment until one of the following occurs:

- The minor attains age 18 (funds can be held until the minor is emancipated), or;
- A court-ordered guardian of the property of the minor is appointed by the courts and proof of this is forwarded to the Division, in which case the benefits will be paid to the guardian on the minor's behalf and/or the court (according to the court document).

You may, however, choose to leave the group life insurance and/or pension benefit to a trust established on behalf of a minor. There are two types of trusts:

A **formal trust** is established through legal documents filed with your county court that designates a person or persons as "Trustee." When designating a

formal trust on behalf of a minor beneficiary, you must clearly state "Formal Trust" on behalf of the minor and include the date of trust incorporation. For example:

"John Taylor, Formal Trustee for Joshua Taylor, under the terms of the trust agreement dated January 1, 1993."

An **informal trust** is one that has not been filed with the courts on behalf of the minor. The informal trustee(s) would be paid the specified benefits on behalf of the minor beneficiary. For example:

"Jane Miller, Informal Trustee for June Doe, daughter."

June Doe is the beneficiary but since she is a minor, Jane Miller would receive the benefits on June's behalf. Please state the minor's relationship to you, not to the trustee. The minor's address and birth date **MUST** be included on the form, as well as the informal trustee's address, whom we will contact upon your death.

Note: The person(s) you designate as trustee(s) will assume all rights and privileges to the benefits that are paid and the Division will not be held responsible for any mishandling of the benefits.

Unequal Distribution

If you wish to specify an unequal distribution among beneficiaries, you may indicate a percentage or a fraction next to the person's name.

Percentages must add up to 100%. For example:

"Mary Smith, sister, 70%; Thomas Jones, brother, 30%" (70% + 30% = 100%)

Fractions must add up to 1. For example:

"Joe Jones, son, $\frac{1}{4}$; Jim Jones, son, $\frac{1}{4}$; Patty Smith, daughter, $\frac{1}{2}$ " ($\frac{1}{4} + \frac{1}{4} + \frac{1}{2} = 1$)

Note: In the case of an unequal distribution, if a designated beneficiary predeceases you, the deceased beneficiary's share becomes payable to your estate, unless you have stated otherwise on the form.

Definite Dollar Amounts

Active members may list a definite dollar amount for a beneficiary, but because the member's group life insurance fluctuates due to salary changes, a beneficiary must be named to receive the remaining balance.

For example:

"Bob Smith, brother, \$10,000; Joe Smith, son, the remaining balance."

Retired members may list definite dollar amounts for their group life insurance beneficiaries since the retired group life insurance amount is established at the time of retirement and does not change. However, the total amount listed on your form must equal the exact amount of the retired group life insurance benefit. For example:

Betty Smith is a retired PERS member with a group life insurance benefit of \$4,732.50. An acceptable designation would be:

"Dan Smith, son, \$3,000; Dave Smith, grandson, \$1,732.50."

Nominating a Domestic Partner

For State employees who are members of the JRS, SPRS, or PFRS, your domestic partner would be eligible to receive a monthly survivor pension benefit upon your death as an active employee or retiree. For certain local employees who are members of the PFRS and whose employer has adopted a resolution extending domestic partner benefits to its employees, your domestic partner would be eligible to receive a monthly survivor pension benefit upon your death as an active employee or retiree. Proof of domestic partnership in the form of a *Certificate of Domestic Partnership* will be required in order for your domestic partner to receive this monthly survivor pension benefit. If you list your domestic partner on a *Designation of Beneficiary* form, you **MUST** provide a photocopy of your *Certificate of Domestic Partnership* along with your signed and dated *Designation of Beneficiary* form.

Note: For members of the other State-administered retirement systems, proof of domestic partnership is not normally required; however, providing a *Certificate of Domestic Partnership* would be required in the event of your accidental death in service in order for an eligible surviving partner to receive a monthly survivor pension benefit.

Power of Attorney

In accordance with the New Jersey Administrative Code, you may choose to nominate someone to act

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as your power of attorney. However, the power of attorney document must **specifically** grant that person the right to change or update beneficiary information if you wish for them to have that power. Further, if you wish to give them the power to do so, it must **specifically** state that they may name themselves as beneficiary.

How to Obtain a Beneficiary Form

You can obtain a *Designation of Beneficiary* form from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at: www.state.nj.us/treasury/pensions

For More Information

If you have questions about completing your *Designation of Beneficiary* form: write to the Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295, send an e-mail to pensions.nj@treas.state.nj.us or call the Division's Office of Client Services at (609) 292-7524.

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